

August 9, 2004

QUOTE OF THE WEEK

*"The federal government has taken
too much tax money from the people,
too much authority from the states, and
too much liberty with the Constitution."*

*-- Ronald Reagan
(1911-2004) 40th U.S. President*

The Polls to Watch

If you see a national poll on the presidential race, discount it. The presidency is determined by electoral votes and not a popularity contest. To get a real idea how the candidates for president are faring, check out the polls in the battleground states. Which are these? Just watch the news, the states you see Bush and Kerry campaigning in week after week are almost exclusively battle-ground states. Most of the time the press stories have focused on useless national polls. I am pleased to see that some understand how our system works.

Kudos to the Associated Press for analyzing the race in this way. And also to the Los Angeles Times for their terrific map that gives the latest polls in each state, and who won last time in each. The Time's electoral vote tracker can be found here:

<http://www.latimes.com/news/politics/la-polldatapage.htmlstory>

We Need to Improve

Last August, the Board decided that Cypress Semiconductor and LSI Logic could claim their MIC (Manufacturers Investment Credit) against their Sales and Use taxes paid as well as their income taxes. The net result of this decision was to accelerate the companies' ability to claim the credit. Both companies have records of hiring California workers at high wage and benefit levels.

This decision generated considerable outrage in the "tax everything" legislature. The passage of SB 1064 (Burton) precluded any further MIC In-Lieu claims but allowed the claims already filed by August 2003 to proceed. There were 26 such companies in addition to Cypress and LSI Logic.

However, after almost a year, BoE staff has not even verified the amounts claimed in 21 of the 26 cases, despite the fact that almost all the claims are several years old. Of the other five, three are in various stages of administrative denial and two are “ready” for a Board Hearing but have not been scheduled.

I regret this obviously broken-down process escaped the attention of the Performance Review team.

*****Big Bucks at Berkeley*****

Sources at UC Berkeley say the campus’s next Chancellor will be University of Toronto President Robert Birgeneau. Although the UC Regents have not yet confirmed the nomination, that vote is usually a done deal based on the University President’s recommendation. Birgeneau will earn \$390,000. That is a mere \$10,000 less than the President of the United States. In light of the tuition increases slated for UC students this year, I did a little math. It will take 100% of the tuition fee increases for more than 2,000 students to pay his salary. And that does not begin to touch his benefits, which include an on-campus mansion, with staff, a car and 24-hour chauffeur. Before you become too outraged, consider this: a university president’s primary function these days is not overseeing faculty or coordinating curriculum. Rather, it is raising money. And as a fundraiser, Birgeneau may be a good deal for California taxpayers. During his time at Toronto, he brought in a record \$750 million. Considering that most professional fundraisers are paid on commission of 10% or better, if he can bring in similar bucks for Berkeley, then his \$390,000 salary may be a bargain.

TAXING TIMES

*****Tobacco’s Other Tax*****

I have written here before about the high tobacco taxes smokers pay, as well as the high costs to taxpayers for enforcing tobacco-related laws and taxes. I heard a statistic last week that was striking. It was offered at a presentation by Dr. Linda Hyder Ferry, an Associate Professor of Preventative Medicine at Loma Linda University School of Medicine who also works with hard-core smokers at the Jerry Pettis Veterans Hospital in Loma Linda, and Floyd Peterson, an assistant professor of public health at the Loma Linda University Schools of Public Health. Imagine you are a smoker, age 30, who purchases one pack of cigarettes per day. If you put that money in savings instead of buying cigarettes and earned 5% compound interest, you would have \$250,000 over the course of your life.

ISSUE FOCUS

*****Americans Worse Off? No*****

A candidate with high aspirations recently said there were two Americas. One America whose citizens suffer a constantly eroding standard of living in contrast to the other America that is increasingly flush. I read a wonderful column last month that makes me ask by what measure it can be said that the standard of living for half of America is going down? In a piece by Arnold Kling on the Tech Central Station website, he offers a deluge of statistics to show that life in America continues to improve for just about everybody. Before he does this, he asks this basic question that should show the absurdity of the claim to begin with: "In the 1970s ordinary working people drove Vegas and Pintos. They did not eat out much. They rarely traveled by airplane. Many of their jobs were dangerous. Do you really think that there are many working Americans today who would trade places with their 1970s counterparts?"

Kling maintains that what has disappeared since the 1970s is not the middle class, but the lower class. In the 1970s 13% of Americans had no telephone, compared to 2.4% in 2001. 66% of Americans did not have a color TV, compared to 1.1% in recent times.

Kling also looked at items that would have been considered luxuries in the 1970s and their prevalence in households with incomes of less than \$15,000 in 2001. In 1970, 45% of ALL American households had dryers. In 2001 45% of the poorest Americans have them. No Americans had microwave ovens in 1970, 30 years later 75% of the poorest have them.

I do not deny the poor are still among us and we should all be cognizant of the needs of people and be generous, but do we really have two Americas? I agree with Kling that incorrect information about our economy and the bad policies they generate could provoke a crisis that does not even exist.

Kling's whole column can be found here:

<http://www2.techcentralstation.com/1051/defensewrapper.jsp?PID=1051-350&CID=1051-071504B>

*****Citizenship Test 6*****

Today, we explore the questions about the United States Congress on the INS Citizenship exam.

- 26. Who makes the laws in the United States?
- 27. What is the Congress?
- 28. What are the duties of Congress?
- 29. Who elects the Congress?

BOE AND LEGISLATIVE DATES

August 13, 2004 --- Last day for legislative fiscal committees to meet and report bills to the floor.

August 16-31, 2004 --- Floor sessions only; no committee may meet for any purpose.

August 24, 2004 --- BOE meets in Sacramento.

August 31, 2004 --- Legislature recesses.

September 8, 2004--- BOE meets in Sacramento.

NOTABLE DATES/ HISTORY

August 9, 1974 --- Richard Nixon resigned the presidency, and Vice President Gerald Ford became the 38th president

August 10, 1846 --- Congress chartered the Smithsonian Institution

August 11, 1934 -- Alcatraz, in San Francisco Bay, received federal prisoners for the first time

August 12, 1898 --- Peace protocol ending the Spanish-American War was signed

August 12, 1953 --- Soviet Union conducted secret test of its first hydrogen bomb

August 12, 1977 --- Space shuttle Enterprise made first atmospheric flight.

August 13 - According to the greeting card industry this is left handers day. Not that we need a day, but for those of us who think the rest of the world is backwards, it is a right-brained thing to do.

August 13, 1831 --- Nat Turner lead uprising of slaves in Virginia.

August 14, 1774 --- Meriwether Lewis, captain of the Lewis & Clark Expedition, was born.

August 14, 1846 --- Henry David Thoreau was jailed for tax resistance.

August 14, 1945 --- V-J Day; Japan surrendered unconditionally to end WW II.

August 15, 1769 --- Napoleon Bonaparte (Emperor 1804-13, 1814-15) was born.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115

TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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